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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Telecommunications Division
Public Programs Branch**

**RESOLUTION T-16964
December 1, 2005**

R E S O L U T I O N

**Resolution T-16964. Approval of the California High Cost Fund-B
Administrative Committee Fund Surcharge Rate of 2.00% Effective
January 1, 2006.**

Summary

This resolution adopts a surcharge rate of 2.00% for the California High Cost Fund-B (CHCF-B) Administrative Committee (AC) Fund effective January 1, 2006 and thereafter, until further revised by the Commission. All regulated telecommunications carriers shall assess a CHCF- B rate of 2.00% on their end-user's bills rendered for intrastate telecommunications services on January 1, 2006, and thereafter.

Background

In Decision (D) 96-10-066, the Commission established the CHCF-B program to provide universal service subsidy support in the high cost areas of SBC California, Verizon of California, SureWest Telephone, Citizens Telecommunications Company of California, and new carriers that become Carriers of Last Resort (COLR).

In October 1999, PU Code § 270-281 were codified as a result of the enactment of Senate Bill (SB) 669 (Stats. 1999, Chapter 677). § 270(b) requires that the monies in the CHCF-B and five other funds may only be expended pursuant to § 270-281 and upon appropriation in the annual Budget Act.

For Fiscal Year (FY) 2005-06, the State Budget appropriated the amount of \$447.114 million for the California High Cost Fund-B Administrative Committee Fund (Senate Bill 77, Stats. 2005, Chapter 38).

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Discussion

In this Resolution, the Telecommunications Division (TD) recommends a CHCF-B AC Fund surcharge rate of 2.00% effective January 1, 2006 and thereafter, until further revised by the Commission.

Appendix A shows the forecasted CHCF-B FY 2005-06 and FY 2006-07 results of operations using the June 30, 2005 ending cash balance as reflected in the Certification of Year-end financial reports submitted to the State Controller's Office on August 9, 2005.

All certificated telecommunications carriers shall assess a revised CHCF- B rate of 2.00% on their end-user's bills rendered for intrastate telecommunications services on January 1, 2006 and thereafter.

Advice Letter Filing

In accordance with Resolution T-16901, dated December 2, 2004, SBC shall file an Advice Letter on or before December 15, 2005, modifying the CHCF- B surcharge from 2.43% to 2.00% to take effect on January 1, 2006 and thereafter, until further revised by the Commission.

To maximize administrative efficiency, SBC is allowed to file simultaneously on or before December 15, 2005 the revised tariff schedules in compliance with resolutions revising various public program surcharges effective on January 1, 2006 and thereafter in accordance with the provisions of G.O. 96, as modified by first, second, and third interim orders. SBC is not required to inform competing carriers of tariff changes which comply with this resolution.

Comments

In compliance with PU Code § 311 (g), a notice letter was e-mailed to all telecommunications carriers, the CHCF-B AC, and the parties on the service list of R.95-01-020/I.95-01-021 informing these parties that this draft resolution is available at the Commission's website <http://www.cpuc.ca.gov/static/documents/index.htm> and is available for public comments. In addition, TD informed these parties of the availability of the conformed resolution at the same website.

TD did not receive any comments on this resolution.

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Findings

1. In October 1999, Public Utilities (PU) Code § 270-281 were codified as a result of the enactment of Senate Bill 669.
2. PU Code § 270(b) requires that the monies in California High Cost Fund-B (CHCF-B) Administrative Committee (AC) Fund may only be disbursed pursuant to § 270-281 and upon appropriation in the annual Budget Act.
3. All certificated telecommunications carriers should assess the revised CHCF-B surcharge of 2.00% on their end-user's bills rendered for intrastate telecommunications services on January 1, 2006, and thereafter, until further revised by the Commission.
4. In accordance with Resolution T-16901, dated December 2, 2004, SBC should file an Advice Letter on or before December 15, 2005, modifying the CHCF-B surcharge rate from 2.43% to 2.00% to take effect on January 1, 2006, and thereafter, until further revised by the Commission.
5. To maximize administrative efficiency, SBC is allowed to file simultaneously on or before December 15, 2005 the revised tariff schedules in compliance with resolutions revising various public program surcharges effective on January 1, 2006 and thereafter in accordance with the provisions of General Order (G.O) 96, as modified by first, second, and third interim orders.
6. Copies of the notice letter advising parties of the availability of this draft resolution and the conformed resolution, when adopted by the Commission on the Commission's web site were e-mailed to all telecommunications carriers, the CHCF-B AC, and the parties on the service list of R.95-01-020/I.95-01-021.
7. The Telecommunications Division did not receive any comments on this resolution.

THEREFORE, IT IS ORDERED that:

1. The California High Cost Fund (CHCF) -B Administrative Committee (AC) surcharge rate of 2.00% effective January 1, 2006 until further revised by the Commission, is adopted.
2. In compliance with Resolution T-16901, dated December 2, 2004, SBC shall file an Advice Letter on or before December 15, 2005, modifying the surcharge rate for

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the CHCF-B AC Fund from 2.43% to 2.00%, effective January 1, 2006, and thereafter, until further revised by the Commission.

3. To maximize administrative efficiency, SBC is allowed to file simultaneously on or before December 15, 2005 the revised tariff schedules in compliance with resolutions revising various public program surcharges effective on January 1, 2006 and thereafter in accordance with the provisions of General Order (G.O.) 96, as modified by first, second, and third interim orders.
4. All certificated telecommunications carriers shall assess the revised CHCF-B AC Fund surcharge of 2.00% on their end-user's bills rendered for intrastate telecommunications services on January 1, 2006, and thereafter, until further revised by the Commission.

This Resolution is effective today.

I hereby certify that the Public Utilities Commission at its regular meeting on December 1, 2005 adopted this Resolution. The following Commissioners approved it:

STEVE LARSON
Executive Director

APPENDIX A
CALIFORNIA HIGH COST FUND B ADMINISTRATIVE COMMITTEE FUND
FORECASTED RESULTS OF OPERATION FOR FY 2005-06 AND FY 2006-07
ALL AMOUNTS IN (\$000)

	Pro Forma Statement FY 2005-06	Pro Forma Statement FY 2006-07
1 Projected Intrastate Revenues Subject to Surcharge (based on actual intrastate billings subject to surcharges from Sep 04 through Aug 05)	\$20,623,716	\$20,623,716
2 Surcharge Rate from Jul 1, 2005 thru Dec 31, 2005	2.43%	
3 Surcharge Rate effective Jan 1, 2006	2.00%	2.00%
4 Beginning Fund Balance 1	49,671	61,373
5 Revenues:		
6 Surcharge (based on Ln 1 thru Ln 3)	\$456,815	\$412,474
7 Investment Income	\$2,000	\$1,000
8 Total Revenues (Ln 6 + Ln 7)	\$458,815	\$413,474
9 Expenditures:		
10 FY 2005-06 ²	\$447,114	
11 FY 2006-07 ³		\$434,583
12 Total Expenditures (sum of Ln 10 thru Ln 11)	\$447,114	\$434,583
13 Ending Fund Balance (Ln 4 + Ln 8 – Ln 12)	\$61,373	\$40,264
The following comparison is for information purpose only:		
14 Required surcharge rate w/o prior year accumulated fund balance (Ln 14 / Ln 1)	2.17%	2.11%
15 Adopted surcharge rate (Ln 3)	2.00%	2.00%
16 Incremental surcharge rate reduction due to prior year accumulated fund balance (Ln 16- Ln 17)	0.17%	0.11%

Footnotes

- 1 Begining Balance of \$49.67129 million on 6/30/05 is based on the following:
State Controller's report FC-320-35-P, Pg. 5087: \$212,277. 13378 million
Less: Claim payments for prior years and pending claims for prior years: \$162,605.84309
- 2 The FY 2005-06 State Budget appropriated \$447.114 million for the California High Cost Fund-B Administrative Committee Fund (Senate Bill 77, Sta. 2005, Chapter 38).
- 3 Per Resolution T-16955 adopted on September 22, 2005.